



**UNITED STATES DEPARTMENT OF COMMERCE**  
**The Inspector General**  
Washington, D.C. 20230

March 1, 1999

MEMORANDUM FOR: Q. Todd Dickinson  
Acting Assistant Secretary of Commerce and  
Acting Commissioner of Patents and Trademarks

FROM: Johnnie E. Frazier  
Acting Inspector General

SUBJECT: *PTO's FY 1998 Financial Statements*  
Audit Report No. FSD-10898-9-0001

I am pleased to provide you with the final report relating to our audit of the fiscal year 1998 financial statements of the Patent and Trademark Office (PTO). We have again issued an unqualified opinion on PTO's financial statements, and commend PTO for its successful implementation of both OMB Bulletin No. 97-01, *Form and Content of Agency Financial Statements*, and its new cost accounting system.

This was the sixth audit of PTO under the requirements of the Chief Financial Officers Act of 1990, as amended by the Government Management Reform Act of 1994. Our report includes three components: Report on Financial Statements; Report on Internal Control; and Report on Compliance with Laws and Regulations. An executive summary is presented on page i. Our only finding is described on page 4.

During our audit, we identified a reportable condition related to internal controls over the Revenue Accounting and Management (RAM) system. This matter is only summarized in the attached Report on Internal Control; details of our findings and recommendations concerning the RAM system can be found in a separate OIG audit report, *Revenue Accounting and Management System - General Controls Review*, FSD 10898-9-0002, March 1999. Based on our mutual agreement, we are issuing this report as final.

We recognize PTO's hard work and commitment to sound financial management and high quality, meaningful financial reporting. PTO made substantial improvements during FY 1998. As a result of actions to strengthen internal controls, there are no longer reportable conditions relating to internal controls over property; analysis and monitoring of financial information; and timely deposits of cash receipts.

In accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, our reports are dated January 8, 1999, the date of completion of the audit field work.

Preparation of an audit action plan to address the single reportable condition noted in the Report on Internal Control is not necessary; PTO's audit action plan submitted in response to the separate OIG report will address this reportable condition.

Should you need to discuss the contents of the report, please contact George E. Ross, Assistant Inspector General for Auditing, on (202) 482-1934.

We appreciate the cooperation and courtesies extended to us by your staff during the audit.

Attachment

cc: Linda J. Bilmes, Acting Chief Financial Officer and  
Assistant Secretary for Administration

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